

Message Text

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PAGE 01 STATE 227750
ORIGIN EB-08

INFO OCT-01 ISO-00 EUR-12 L-03 INR-07 SS-15 SP-02
SSO-00 INRE-00 /048 R

DRAFTED BY EB/IFD/OIA:DVGRANT:SMCP
APPROVED BY EB:PHBOEKER
EUR/EE:SFROMOWITZ (SUBS)
-----068872 220128Z /73

O 220049Z SEP 77
FM SECSTATE WASHDC
TO AMEMBASSY BELGRADE IMMEDIATE
AMEMBASSY LISBON IMMEDIATE

C O N F I D E N T I A L STATE 227750

STADIS////////////////////////////////////
FOR AMB. EAGLEBURGER & CARLUCCI FROM ACTING ASST SEC BOEKER

E.O. 11652: GDS

TAGS: EINV, YO, PO

SUBJECT: OPIC BOARD APPROVES NEW COUNTRY GUIDELINES

1. WE ARE REPORTING BY SEPTTEL OPIC'S DECISION TAKEN 9/20
TO RESTRICT ITS PROGRAMS IN CERTAIN UPPER INCOME DEVELOPING
COUNTRIES. AS YOU KNOW, THIS MOVE HAS BEEN UNDER
CONSIDERATION FOR SOME TIME IN ORDER TO IMPLEMENT THE
ADMINISTRATION'S DECISION TO EMPHASIZE OPIC'S MISSION AS
THAT OF ASSISTING THE ECONOMIC DEVELOPMENT OF LOW-INCOME
COUNTRIES. BECAUSE OF YOUR CONSIDERABLE INTEREST IN THIS
QUESTION, I WANT TO PROVIDE YOU WITH THE BACKGROUND OF
THIS STEP AND SOME COMMENT ON ITS SIGNIFICANCE FOR YOUR
COUNTRIES.

2. OPIC'S DECISION WAS TO ADOPT NEW POLICY GUIDELINES
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THAT RESTRICT FUTURE OPIC OPERATIONS IN DEVELOPING COUN-
TRIES WITH PER CAPITA GNP MORE THAN DOLS 1,000 IN 1975
DOLLARS. THIS WOULD CLEARLY APPLY TO YUGOSLAVIA AND
PORTUGAL. IN THESE HIGHER INCOME LDCS, HOWEVER, OPIC
WILL CONTINUE TO ASSIST PROJECTS NOT OTHERWISE INELIGIBLE
THAT MEET ONE OF THE FOLLOWING CRITERIA:

-- INVOLVE THE EXPLORATION AND/OR DEVELOPMENT OF ENERGY RESOURCES IN A COUNTRY WHICH IS NOT A MEMBER OF THE ORGANIZATION OF PETROLEUM EXPORTING COUNTRIES;
-- INVOLVE THE EXPLORATION, MINING, AND/OR PROCESSING OF MINERALS;

-- ARE SPONSORED BY A U.S. COOPERATIVE OR SMALL BUSINESS AS DEFINED BY OPIC'S BOARD OF DIRECTORS; AND

-- OTHER EXCEPTIONS MADE BY THE BOARD FROM TIME TO TIME ON A CASE-BY-CASE BASIS, INCLUDING PROJECTS PROMISING EXTRAORDINARILY SIGNIFICANT DEVELOPMENTAL BENEFITS.

3. THE DEPARTMENT'S DECISION TO SUPPORT THESE GUIDELINES CAME ONLY AFTER LONG AND CAREFUL CONSIDERATION. AS YOU ARE AWARE WE HAD TO TAKE INTO ACCOUNT A NUMBER OF IMPORTANT AND SOMETIMES CONFLICTING FACTORS, INCLUDING THE QUESTION OF WHETHER TO SEEK COMPLETE NATIONAL INTEREST WAIVERS FOR INDIVIDUAL COUNTRIES WHERE U.S. FOREIGN POLICY INTERESTS ARE STRONG. ON THE ONE HAND, WE WISHED TO GIVE OPIC SUFFICIENT FLEXIBILITY SO THAT WE COULD ACHIEVE OUR FOREIGN POLICY OBJECTIVES; AT THE SAME TIME, WE FORESAW THAT A LIST OF COUNTRIES COMPLETELY EXEMPTED FROM THE GUIDELINES ON NATIONAL INTEREST GROUNDS CONTRASTS SHARPLY WITH THE ADMINISTRATION'S EFFORT TO STRESS OPIC'S ECONOMIC DEVELOPMENT MISSION AND RAISES UGLY PROBLEMS OF DISCRIMINATION IN

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TERMS OF WHICH COUNTRIES ARE IN OR OUT ON FOREIGN POLICY GROUNDS. OUR FINAL DECISION WAS BASED ON THE JUDGMENT THAT THE NEW GUIDELINES FOR OPIC CONTAIN SUFFICIENT FLEXIBILITY TO CONTINUE TO DO SOME OPIC PROJECTS IN YOUR COUNTRIES AMONG OTHERS CONSISTENT WITH OUR CONCERN FOR THEIR DEVELOPMENT. OBVIOUSLY, HOWEVER, OPIC WILL NOT BE AVAILABLE FOR ANY OR ALL U.S. INVESTMENT IN YOUR COUNTRY.

4. WE BELIEVE THAT THE GUIDELINES ADOPTED BY OPIC ARE A SATISFACTORY SOLUTION. THEY WOULD NOT TERMINATE OPIC PROGRAMS IN ANY COUNTRY, NOR WOULD THEY INVOLVE AMENDMENT OR ABROGATION OF EXISTING OPIC AGREEMENTS. OUTSTANDING OPIC INSURANCE WOULD CONTINUE IN FORCE. MOREOVER, SUFFICIENT FLEXIBILITY IS INCLUDED IN THE GUIDELINES TO PERMIT OPIC ASSISTANCE OF EXCEPTIONALLY 'ORTHWHILE PROJECTS IN HIGHER INCOME COUNTRIES. THE DEPARTMENT AND OPIC WILL OBVIOUSLY BE LOOKING TO RECEIVE YOUR INPUT ON WHICH PROJECTS IN YOUR COUNTRY MERIT CONSIDERATION BY THE OPIC BOARD UNDER THE CASE-BY-CASE EXCEPTION PROVIDED FOR IN THE OPIC GUIDELINES(PARA 2 ABOVE). VANCE

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, TEXT, FOREIGN INVESTMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 22-Sep-1977 12:00:00 am
Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE227750
Document Source: CORE
Document Unique ID: 00
Drafter: DVGRANT:SMCP
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770344-0213
Format: TEL
From: STATE
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770933/aaaabbkw.tel
Line Count: 114
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 4a05eb3f-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: STADIS
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 17-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1170941
Secure: OPEN
Status: NATIVE
Subject: OPIC BOARD APPROVES NEW COUNTRY GUIDELINES
TAGS: EINV, YO, PO, US, OPIC
To: BELGRADE LISBON
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/4a05eb3f-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009